TABLE 5

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Male Employees

Management

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.0470	.5000
15							.0470	.3000
16							.0470	.3000
17							.0470	.3000
18							.0470	.3000
19					.0600	.0860	.5000	.9903
20					.0360	.0500	.3000	
21					.0320	.1350	.3000	
22					.0340	.2110	.3000	
23					.0410	.1680	.3000	
24			.0160	.0310	.0630	.5000	.9903	
25			.0150	.0260	.0720	.3000		
26			.0160	.0340	.1860	.3000		
27			.0180	.0460	.2610	.3000		
28			.0210	.0610	.2180	.3000		
29	.0130	.0130	.0340	.0970	.5000	.9903		
30	.0120	.0130	.0410	.1260	.3000			
31	.0120	.0180	.0480	.2350	.3000			
32	.0120	.0220	.0630	.3070	.3000			
33	.0140	.0240	.0810	.2640	.3000			
34	.0150	.0530	.1170	.5000	.9903			
35	.0160	.0620	.1610	.3000				
36	.0190	.0710	.2700	.3000				
37	.0240	.0900	.3400	.3000				
38	.0270	.1100	.2890	.3000				
39	.0740	.1480	.5000	.9903				
40	.0850	.1960	.3000					
41	.0950	.3030	.3000					
42	.1140	.3620	.3000					
43	.1420	.2970	.3000					
44	.1800	.5000	.9903					
45	.2200	.3000						
46	.3260	.3000						
47	.3740	.3000						
48	.3030	.3000						
49	.5000	.9903						
50	.3000							
51	.3000							
52	.3000							
53	.3000							
54	.9903							

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ACTUARIAL SCIENCES ASSOCIATES INC.

TABLE 6

Bell Atlantic Corportation

Annual Rates of Retirement on Service Pension

Female Employees

Management

TABLE 5

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Male Employees

Associate

Service in	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages

TABLE 6

Bell Atlantic Corporation

Annual Rates of Retirement on Service Pension

Female Employees

Associate

Service in years t	Rates of retirement during year t + .5 to t + 1.5 for employees entering service at specimen ages							
	15	20	25	30	35	40	45	50
14							.1310	.5000
15							.1310	.3000
16							.1310	.3000
17							.1310	.3000
18							.1310	.3000
19					.1830	.2500	.5000	.9949
20					.1090	.1260	.3000	
21					.0950	.2840	.3000	
22					.0950	.3030	.3000	
23					.0980	.2640	.3000	
24			.0900	.1300	.1070	.5000	.9949	
25			.0510	.0850	.1100	.3000		
26			.0520	.0900	.2880	.3000		
27			.0550	.0950	.3100	.3000		
28			.0580	.1000	.2700	.3000		
29	.0600	.0780	.0800	.1110	.5000	.9949		
30	.0510	.0550	.0870	.1160	.3000			
31	.0510	.0650	.0930	.2960	.3000			
32	.0530	.0700	.0990	.3220	.3000			
33	.0590	.0830	.1050	.2790	.3000			
34	.0650	.0990	.1180	.5000	.9949			
35	.0710	.1040	.1260	.3000				
36	.0790	.1100	.3120	.3000				
37	.0860	.1140	.3460	.3000				
38	.0960	.1200	.2930	.3000				
39	.1170	.1320	.5000	.9949				
40	.1160	.1430	.3000					
41	.1210	.3400	.3000					
42	.1270	.3810	.3000					
43	.1330	.3120	.3000					
44	.1460	.5000	.9949					
45	.1550	.3000						

EXHIBIT 2

CHS
WRA
CWC
JTF

AUGUST 17, 1989

POST RETIREMENT MEDICAL

Effective January 1, 1990, the Bell Atlantic Medical Expense Plan shall be amended for all employees who retire on any date on or after January 1, 1990 ("Covered Retirees"), to provide for an annual company contribution for coverage not to exceed the amounts below:

Category 1.	Under Age 65
Single Coverage	$2,850
Family Coverage	$4,860
Category 2.	Age 65 or Over
Single Coverage	$ 670
Family Coverage	$1,660

If the aggregate Plan costs for Covered Retirees in either Category 1 or 2 above exceeds the aggregate company contributions for Covered Retirees in that category, the difference shall be payable by the Covered Retirees in that category in the form of monthly premiums which may, with the Covered Retiree's consent, be deducted from the monthly pension check. Notwithstanding the above, no Covered Retiree will be required to make any such payment prior to the later of (a) January 1, 1993, or (b) January 1st of the first Plan Year after 1993 in which projected aggregate costs for Covered Retirees in Categories 1 and 2, combined, exceeds the aggregate company contribution limits for Covered Retirees in both of those categories, combined.

AUGUST 17, 1989

The calculation of any required premium for 1993 will be based on the difference between the projected aggregate costs for Covered Retirees in Category 1 and Category 2 for the 1993 year and the aggregate company contribution limits for Covered Retirees in each of those categories, as stated above. The projected costs will be computed by an outside actuarial firm retained by the Companies, and will be based upon actual aggregate costs for all retired employees (including those who retired prior to January 1, 1990) in each category adjusted by the medical inflation rate and a two percent utilization factor [illegible] were higher than projected costs, the difference per retired employee will be used to increase future premiums for Covered Retirees in that category.

Notwithstanding the above, Covered Retirees will continue to be subject to any other premiums under the terms of the Plan.

For purposes of collective bargaining in 1992, and solely with respect to these Post Retirement Medical provisions, the Companies agree to recognize the Union as the representative of Covered Retirees who retire prior to August 9, 1992.

AUGUST 17, 1989

BELL ATLANTIC RETIREE HEALTH TRUST

WRt
CWS
JTC

the grievance or arbitration procedures.

4. The Companies agree that funds placed into the Trust described in paragraph 1 will be used exclusively to pay post-retirement health benefits of retirees and their beneficiaries, and administrative costs of the trust; neither the creation of the Trust, nor its operation, nor the Companies' funding hereunder shall be construed to mean that the type or level of benefits provided through the Trust may or may not be modified in the future.

5. The Companies' obligations to fund the Trust will be rescinded and cancelled if (a) the Trust does not qualify for tax-exempt status under Sec. 501(c)(9) of the Internal Revenue Code; or (b) an amount contributed to the Trust will fail to be fully deductible by the Companies for federal income tax purposes; or (c) earnings on assets of the Trust constitute taxable income to the Trust for federal income tax purposes. Furthermore, the Trust shall not be terminated as long as it holds assets.

6. The Companies' obligations to fund the Trust will also be rescinded and cancelled if there is legislation or regulation that could be used to provide similar benefit protection for retirees and their beneficiaries under other funding vehicles that are materially more advantageous in the judgment of the Companies.

AUGUST 22, 1992

POST-RETIREMENT MEDICAL

For all employees who retire(d) on any date after December 31, 1989 ("Covered Retirees"), the terms of the 1989 Memorandum of Understanding between the Companies and the Unions pertaining to Post-Retirement Medical contribution limits ("caps"), under the Bell Atlantic Medical Expense Plan (the "Plan"), are amended as follows:

(a) Move Effective Date from 1993 to 1996: The first plan year in which a Covered Retiree will be required to make a contribution to the Plan will be the plan year beginning January 1, 1996, instead of the plan year beginning January 1, 1993.

(b) Modification of Company Contribution Cap Amounts: Commencing in plan year 1996, the annual company contribution caps for Covered Retirees will be the projected 1995 costs of each of the four categories of coverage, as stated below, based on the actual 1994 incurred plan cost per retiree for the applicable category of coverage, as reviewed and validated by the independent enrolled actuary for the Plan, as follows:

Category 1. Under Age 65

Single Coverage: Actual 1994 cost for this category, increased by 12.1%

Family Coverage: Actual 1994 cost for this category, increased by 12.1%

Category 2. Age 65 or Over

Single Coverage: Actual 1994 cost for this category, increased by 11.2%

Family Coverage: Actual 1994 cost for this category, increased by 11.2%

(c) Medicare Catastrophic Coverage Act: All references to the Medicare Catastrophic Coverage Act will be eliminated.

(d) Representation of Retirees: For purposes of collective bargaining in 1995, and solely with respect to the Post-Retirement Medical provisions which were agreed in 1989 (pages 39-41 of the 1989 Memorandum of Understanding), as amended herein, the Companies agree to recognize the Unions as the representatives of Covered Retirees who retire(d) prior to August 5, 1995.

Bell Atlantic

What's New

What's Different

What Takes Effect When

Changes in BENEFITS

for Non-Management Employees

Companies of Bell Atlantic

Bell of Pennsylvania · C&P Telephone Company

Post-Retirement Medical Premiums

Background. Currently, the Company pays the full cost of MEP coverage for retirees and their eligible dependents.

What's New. The Company will impose a limit on its annual contributions for MEP coverage for employees who retire on or after January 1, 1990. Beginning January 1, 1993, these retirees will have to pay all the projected costs of coverage above the annual limit.

The Company's annual MEP contribution for retirees under 65 will be limited to $2,850 for single coverage, and $4,860 for family coverage. Annual MEP contributions for retirees over 65 (who are covered primarily by Medicare) will be limited to an average of $670 for single coverage, and $1,660 for family coverage.

Every year, coverage costs for each of the two retiree age groups will be projected, based on past experience. If projected costs rise above the Company limits, retirees in that group will pay a monthly premium to make up the difference. If the projected costs are below the Company's limit, retirees will not have to pay any premium. After each year is over, actual claim costs will be analyzed. If actual costs are lower than projected, future premiums will be adjusted accordingly.

This new provision is designed to encourage future retirees and their covered dependents to be cost-conscious consumers when seeking medical care. The more careful these retirees are as a group to obtain care in a cost-effective way, the lower the actual costs will be which will minimize the likelihood that they will be required to pay for part of their coverage.

Although the limit on the Company's contribution goes into effect as of January 1, 1990, the earliest date a retiree could be required to pay a premium is January 1, 1993. If the projected cost of the Plan is not greater than the Company contribution on that date, no premium would be due until January 1 of the year in which the projected cost is greater than the Company contribution.

Employees will receive more information about this new provision at the time of their retirement.

HOW IT MAY AFFECT YOU: If you will be retiring on or after January 1, 1990, you may have to share some portion of the cost of your MEP coverage during retirement.

Managed Care Networks

Background. To control rising health care costs while keeping employees' expenses at a reasonable level, a new program featuring a network of hospitals and health care providers, called a "managed care network," will be added to the Medical Expense Plan in some locations. This will result from collaborative effort of the Joint Union-Management Health Care Advisory Committee, which will provide ongoing input and technical support.

All MEP provisions in effect beginning January 1, 1990, will apply until a managed care network is available in your area. When a managed care network is introduced, some MEP provisions will change, but many will remain the same. You will receive additional information before a managed care network is introduced in your area.

What's New. A managed care network will give you a choice of providers while keeping costs down. Hospitals, primary-care physicians, and specialists will be included in the network on the basis of the quality of care they provide and their willingness to control charges to network participants. These providers will agree to accept the network-negotiated fee as full payment for their services.

If you use network providers, you will usually pay less out-of-pocket for medical care. Typically, there will be no deductibles, and no claim forms to fill out, and only a nominal charge for office visits. You may, if you prefer, use a non-network provider; however, you will probably have to pay more in out-of-pocket medical expenses.

HOW IT MAY AFFECT YOU: Once a managed care network is introduced in your area, you will have greater control over your health care costs, because in most cases your out-of-pocket expenses will be lower if you choose a network provider.

1992

Tentative Bargaining Agreement for Common Issues

This publication presents highlights of the proposed new three-year contract with the Bell Atlantic network services companies.

Bell of Pennsylvania

C & P Telephone

C & P Telephone of Maryland

C & P Telephone of Virginia

C & P Telephone of West Virginia

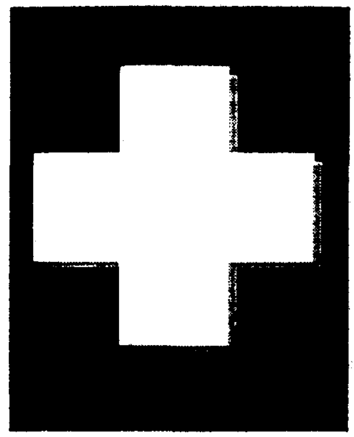
Diamond State Telephone

Network Services, Inc.

New Jersey Bell

Health Care

Health care continues to be a concern for both the companies and the unions. In recognizing this concern, the companies and the unions have mutually agreed to several health care enhancements.



The proposed contract would significantly improve the companies' contribution toward MEP/MCN coverage for post-1989 retirees over the level of the 1989 agreement

Health Care Benefits Coordinators

Two union representatives would be designated to work full time to assist employees with health claim issues, interfacing with health plan administrators as necessary. They would report monthly to the Advisory Committee on Health Care.

HCRA

The Health Care Reimbursement Account would be improved to allow associates to pay up to $5,000 of out-of-pocket medical, dental and vision care expenses per year in pre-tax dollars, an increase of $3,000 over the current top contribution level.

Vision Benefits

medical tests for surgery would be excused and paid for the absent time on the same basis as for absence due to sickness.

Post-Retirement Medical Care

The proposed contract would significantly improve the companies' contribution toward MEP/MCN coverage for post-1989 retirees.

In the 1989 contract, starting in 1993, the companies' contributions would have been limited to a specific dollar amount, with retirees paying a cost-sharing contribution to make up the difference between that limit and the projected cost of coverage for the year.

Under the new agreement, post-1989 retirees would not contribute

Bell Atlantic Sets Limits on Contributions Toward Future Salaried Retiree Medical Costs

As a concerned employer, Bell Atlantic wants to continue to provide high quality, comprehensive health care protection to its active and retired employees. Since 1985, the Company has shared with employees information about increasing health care costs. As you know, the situation has not improved. Rapidly escalating health care costs continue to adversely affect Bell Atlantic and its employees as well as American industry in general.

The costs associated with high quality health care protection must be diligently managed because of the impact such costs have on Bell Atlantic's products and services. Many steps have been taken to control the growth of health care costs for the employee and the Company (see chart next page). However, these steps have only been partially successful.

The Company has therefore made the difficult but necessary decision to limit, beginning in 1994, the amount it will contribute toward the premium for medical coverage for salaried employees who retire on or after January 1, 1992, and their covered dependents. Salaried employees who retire on or before December 31, 1991 will not be affected by this change.

Background

In the last five years, the cost of providing medical coverage to employees and retirees has risen 84%. Based on current trends in national health care, these costs are expected to continue growing at an accelerated rate in the near future.

In addition, these cost increase trends have prompted a new accounting standard, effective January 1, 1993, which requires the Company to record the estimated cost of retiree health benefits throughout employees' active service years rather than after retirement. This accounting change will result in much higher, but more accurately stated, current costs.

Medical Cost Management

In order to address this alarming rise in health care costs and the growing competition in all parts of its business, Bell Atlantic and each employee must more actively manage the long-term cost of providing health care benefits by becoming a more knowledgeable health care consumer.

The Company has followed a comprehensive benefits strategy of cost management which focuses on several key issues such as: employee cost sharing, controlling health care provider costs and legislation, and initiating employee wellness programs. On the next page is a chart which highlights the Company's efforts to manage health care costs.

At A Glance

- Medical costs continue to rise, despite current cost-containment efforts.
- The Company is implementing additional retiree cost sharing initiatives.
- More information will follow next month.

The Company's Benefits Strategies	Examples of Cost-Management Actions Taken

The Effect of This Change

For Retirees

Future salaried retirees will be affected by cost sharing in two ways. First, *beginning in 1994,* the Company will limit the amount it will pay toward retiree medical coverage. Retirees will share a portion of any increase in the cost of their retiree medical coverage over the amount the Company will pay for 1993 retiree medical coverage. The Company will annually assess cost sharing amounts to determine the appropriateness of the cost sharing amount based on factors such as: the impact of medical and CPI inflation on retiree income and Company costs, the financial position of the Company and competitive conditions.

For Dependents

Second, in addition to retiree cost sharing, future salaried retirees *with covered dependents* will be required to pay a greater share of the cost to provide medical average cost for the first covered dependent and 100% of the average cost for additional covered dependents. Bell Atlantic will continue to help limit these costs by providing retirees the opportunity to purchase health coverage for their dependents at group rates.

Currently, salaried employees who retired on or after April 1, 1986 already share in the medical plan premium cost when they choose family coverage for two or more dependents, or when they select an HMO which has premiums above what the Company contributes. This practice will continue for those salaried employees who retire through December 31, 1991.

Who Does This Affect?

The new cost sharing strategy described in this bulletin will apply to all salaried employees who retire on or after January 1, 1992. This cost sharing will be in

processing, provided cost sharing payments are made. However, the cost sharing requirements currently in effect for Class II Dependents and Sponsored Dependents for both groups of retirees will stay in effect.

Our Policy

Cost sharing for future salaried retirees reflects Bell Atlantic's policy of managing the terms of its health plans to ensure that they properly balance the demands of the business with the needs of employees and retirees. Because these needs change in response to developments in legislative and regulatory activities and medical technology/practice which drive growth in health costs, the Company reserves the right to modify the terms of retiree cost sharing and the Company's health plans.

Coming Up...

BENEFITS

TRAINING · LABOR RE... · BENEFITS · COMPENSATION · CAREER DEVLPMT.

August 1991

Dear Salaried Employee,

Last month, you received a bulletin containing important benefits information affecting future salaried retirees. The bulletin announced that beginning in 1994, salaried employees who retire on or after January 1, 1992, will share the cost with Bell Atlantic to provide retiree medical coverage. This new cost sharing provision is different from cost sharing arrangements currently in place for retirees. Salaried employees who retire on or before December 31, 1991, will not be affected.

Salaried retirees will be affected by cost sharing in two ways. First, *beginning in 1994*, the Company will limit the amount it will pay toward retiree medical coverage. The Company and retirees will share in the cost for retiree medical coverage *that exceeds the 1993 level.* The Company will annually assess medical costs and trends to determine the appropriate cost sharing amount based on factors such as: the impact of both medical and Consumer Price Index (CPI) inflation on retiree income and Company costs, the financial position of the Company, and competitive business conditions. Second, in addition to retiree cost sharing, future salaried retirees with covered dependents will be required to pay a greater share of the average cost of providing medical coverage for those dependents.

Although the cost sharing plan will not begin until 1994, it is important that you understand these changes as they are happening so you can make informed decisions -- such as planning for your retirement and meeting the costs of your future medical insurance after retirement. Pertinent questions and answers follow. I urge you to read through this material carefully. At the end of this bulletin, you will find telephone numbers to call in case you have questions.

Charles W. Crist
Vice President - Human Resources

1. What is cost sharing?

Cost sharing refers to the Company and the retiree sharing the cost to provide medical coverage, or the "premium." Cost sharing by the retiree is in addition to out-of-pocket expenses such as the deductible and copayments incurred when using the plan. Beginning in 1994, the Company will contribute at least the amount it paid toward the average cost of retiree medical coverage per retiree in 1993. Retirees will be charged an amount equal to some or all of the yearly increases in those costs over the 1993 amounts.

As an example: for retiree coverage **excluding dependents**, assume in 1993 the Company paid an average of $4,000 annually per retiree for Management Retiree Medical Plan (MRMP) coverage. In 1994, the average cost of MRMP coverage increases to $4,500 per year. That additional $500 for 1994 represents the cost increase amount.

The Company would then determine how much of the $500 estimated cost increase retirees must pay for retiree medical coverage in 1994. Assume, for example, that the Company determines that retirees must pay $125 per year as their share for individual retiree medical coverage. The Company pays the remaining $4,375 ($4,000 + $375 cost share contribution) as its share.

The 1994 cost of retiree medical coverage, as well as the Company and retiree cost sharing amounts in this example, are hypothetical and not actual

If an employee retires before age 65, the cost of medical coverage and the cost sharing amount for the retiree and any covered dependent(s) will automatically adjust when the retiree turns age 65.

For comparison purposes, in 1990, the average MRMP cost of "Retiree Only" medical coverage for a retiree under age 65 was approximately $2,500 a year; for a retiree age 65 or older, the average annual cost was approximately $1,100. Please note that these figures will increase by 1994.

5. How will the Company determine the amount it will contribute toward the cost of each retiree's coverage?

The Company will contribute at least the amount it paid toward the average cost of medical coverage per retiree in 1993. This calculation takes the estimated total cost of 1993 salaried retiree claims and related plan expenses under the MRMP and divides it by the number of retirees. In addition, the Company will pay a portion of the estimated 1994 cost increases.

The remaining portion of the estimated cost increases of retiree medical coverage for the 1994 plan year, excluding dependent costs, will be the amount charged to the retiree. In future years, however, it is possible that in any given year, retirees will be required to contribute all the estimated cost increase. The amount the Company contributes will be determined based on the average cost to provide medical coverage to salaried retirees only. The retiree's cost sharing portion will be determined annually by the Company based on factors such as the impact of inflation on retiree income and Company costs, the inflation rate of the Company medical plan, the financial position of the Company, and competitive business conditions.

The amount the Company contributes for dependent medical coverage will be calculated separately. Refer to Questions 8, 9, and 10 (beginning on page 5) for more information on cost sharing for dependent coverage.

6. What will a retiree pay toward the cost for medical coverage (excluding dependents) in 1994?

Based on actuarial projections of the MRMP, the *total annual cost* to cover one retiree in 1994 will depend largely on medical inflation and other factors. The Company will contribute a significant portion of that cost. The table below contains the estimated ranges of the total annual cost, the Company contribution, and the retiree's share of the cost in 1994. Although these figures are estimates only, they can be used for planning purposes. The actual cost sharing amounts for 1994 will be communicated to retirees in late 1993.

**ESTIMATED RANGES OF 1994 ANNUAL COSTS
POST 12/31/91 RETIREE MEDICAL COVERAGE
(EXCLUDING DEPENDENTS)**

	Total Cost	Company Contribution	Retiree Contribution
Under age 65	$3,100 - $5,600	$3,050 - $5,400	$50 - $200
Age 65 and Over	$1,300 - $2,350	$1,280 - $2,250	$20 - $100

7. Can the Company estimate what a retiree will pay beyond 1994?

Rapidly rising health care costs and inflation make it difficult to project future costs for medical coverage and the related cost share payments. Over the past five years, costs for health care coverage have grown at a total rate of 84%. In 1980, the Company's health care costs were $983 per employee. That figure has more than quadrupled to $4,344 per active employee as of 1990. But this rate of growth in health care costs may not be a valid indicator for future health care costs because of the changing environment influencing our nation's health care system. Some of the factors which continue to influence this changing environment are:

- changes in Medicare,
- adoption of a national health care policy,
- changes in actuarial factors, such as life expectancy,
- increases in costs of advanced technology, use of medical services and malpractice insurance, and
- medical inflation.

With all of these variables, it is impossible to provide you with reliable or accurate information on what the cost increases for health care coverage will be in the future. However, it is expected that your cost sharing responsibility will increase in future years. The following charts illustrate examples of the unpredictable nature of the health care environment. Figure 7a shows how the rate of medical inflation has been outpacing general inflation. Figure 7b shows that Medicare rates have fluctuated yearly.

Fig.7a

General (CPI) vs. Medical Inflation 1986-1990

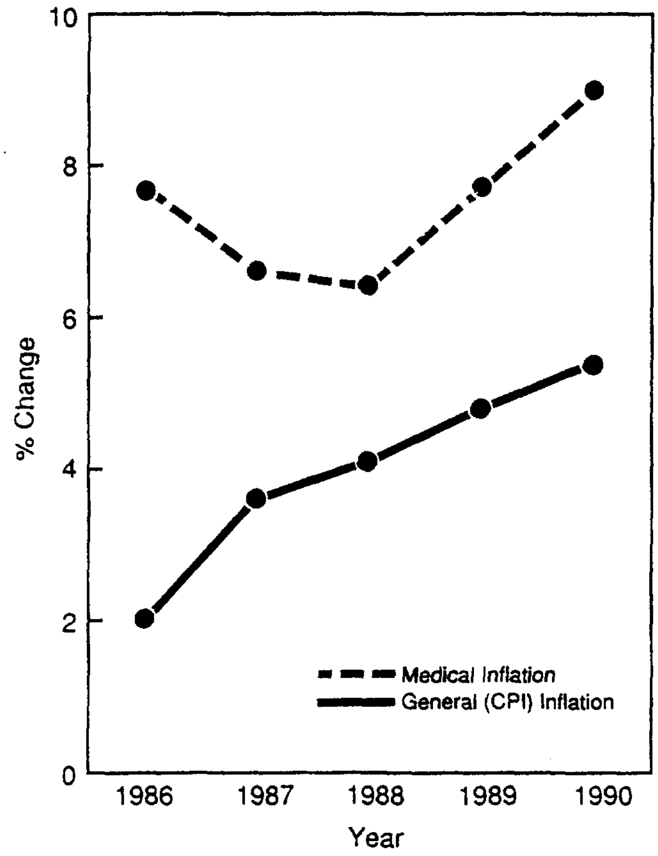
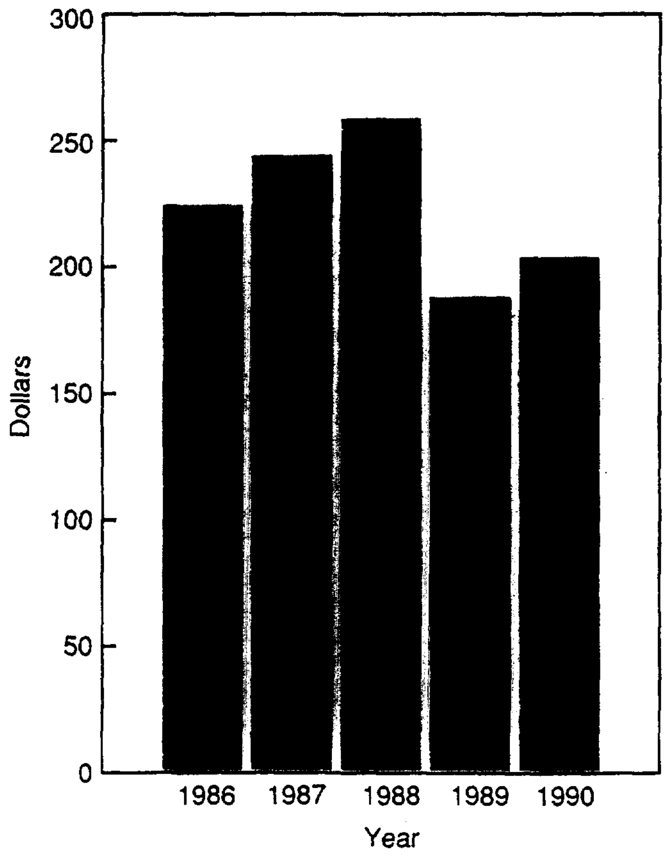


Fig.7b

Medicare Premiums 1986-1990



8. How will cost sharing for dependent coverage be determined?

Bell Atlantic's primary focus is on providing coverage for retirees. Therefore, post 12/31/91 retirees with dependents will be required to pay an increasing share of the cost to provide medical coverage for their dependents. Bell Atlantic currently intends to phase in this requirement gradually with yearly increases over a period of 20 years, beginning in 1994.

For a first dependent's medical coverage, the retiree will pay yearly increases of 2½% per year (i.e., 2½% of the projected 1994 total cost of dependent medical coverage in 1994; 5% of the new total costs for 1995; 7½% of the new total costs for 1996; etc.) from 1994 to 2013, until the retiree *ultimately pays 50% of the cost for the first dependent.* For the second and all remaining dependents, the retiree will pay yearly increases of 5% of the cost of dependent medical coverage (i.e., 5% in 1994, 10% in 1995, 15% in 1996, etc.) until the retiree *ultimately pays 100% of the cost for all additional dependents.* An employee will start dependent cost sharing at the percentage that is in effect at the time of his/her retirement. Bell Atlantic will continue to help minimize the cost of dependent medical coverage by providing the opportunity to purchase this coverage at group rates.

9. Give an example of how an annual cost share amount, including dependents, is calculated.

Expanding on the example of retiree cost sharing in Question 1, the box below shows (for illustrative purposes only) how the annual cost sharing amounts for dependent coverage are calculated. Terry is an employee who retires in 1994 at age 54 with three dependents. The $125 for Terry's own medical coverage was calculated in Question 1. In addition to sharing in the costs for personal medical coverage, Terry would pay 2½% of the total average cost for dependent medical coverage for one dependent and 5% of the cost of coverage for the second and additional dependents.

Here is an itemized example of what Terry's annual payment for covering his family in 1994 may be:

$125	for Terry's own medical coverage cost share
$ 65	for Terry's first dependent (2½% of $2,600, the cost of dependent coverage)
$ 50	for Terry's two additional dependents (5% of $1,000, the cost for additional dependent coverage)
$240	**Terry's total cost share amount for 1994**

Notice in the example that the cost for all additional dependents, meaning the second plus any remaining dependents, is less than the cost for the first dependent. The costs for the first dependent and for the additional dependents are based on the average claims incurred by each group. Typically, the first dependent of a retiree is a spouse and additional dependents are children. The illustrative rates for additional dependents in the example reflect the fact that the children of a retiree generally incur fewer expenses than a retiree's spouse. The actual 1994 cost sharing payments for dependent coverage will be calculated and communicated to retirees in late 1993.

Continuing the example, by the year 2004, 11 years after retirement, Terry will be 65, and will be eligible for Medicare. While the total cost for retiree and dependent medical coverage will change because of his Medicare eligibility, Terry will still continue to pay the percentage of dependent cost sharing in effect in 2004. By this time, Terry will be paying 27½% (2½% x 11 years) of the average cost for medical coverage for one dependent and 55% (5% x 11 years) of the average cost for medical coverage for all additional dependents.

Here's another example. Chris retires in 2004, at age 55, and chooses to cover a spouse and three children. Chris' annual payment for covering her family in 2004 may be:

$1,300	for Chris' own medical coverage cost share
$1,550	for Chris' first dependent (27½% of cost of coverage)